

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – AUGUST 25, 2004**

**PRESENT:** Chairman Anthony Maiola and Commissioner John Byrne; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; Evie Taft, Human Resources Administrator; George Tsiopras, Chief Financial Officer; Randall Avery, Deputy Chief of Enforcement; Howard Roundy, Director of Information Technology. **Guests:** Al Picconi, United Beverages, Inc.; Michael Gocłowski, Law Warehouse.

**EXCUSED:** Commissioner Patricia Russell; Aidan Moore, Chief of Enforcement.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending August 22, 2004 shows retail sales were up around 4.1%, on-premise sales were down almost -2.6%, off-premise sales were up a little over 15%, and total aggregate sales increased by 4.4%. The traffic count was up by 3,818, as was the average sales ticket by \$.17.

The W-1 Total Weekly Sales report for the same week confirms total sales for the week were up 4.4% or \$355,053, as they were for the year by a little over 7% or \$4,254,297. Wine sales also increased by 10.8% or \$363,171 for the week, and were also up 9.4% or \$2,426,180 for the year. Sales of spirits were down on a weekly basis by -.18% or (\$8,117), but were up year-to-date by 5.27% or \$1,828,116.

##### **B. Budget/Administrative Reports:**

There was nothing of significance to report regarding outstanding depletions and post-offs for the past week.

The prototype has been received for the new batch of gift cards, and total numbers to be ordered have to be determined. Paymentech has suggested a vendor to do the job. The costs per card will be a few cents less than before. A deal has been worked out with Paymentech where they will charge the Commission about \$337.00 per store to cover the costs. The order must be placed by the end of the week in order to receive the cards by October.

Some construction is now going on upstairs relative to installation of fire alarms and strobes. A date of Monday, August 30 around 4:00 or 5:00 a.m. has been identified for shutting down the main breaker. Everyone will be

reminded by e-mail to shut down all computer and printer equipment. IT personnel will be going desk to desk to ensure this happens. All IT services will continue to be accessible during this time.

Craig requested permission from the Commission to terminate the contract with Johnson Controls, who provides maintenance for the HVAC systems, due to numerous problems with this vendor. He has located another company who is willing to take over in the interim, and is in the process of writing an RFP for this. It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this recommendation be approved. The motion was unanimously adopted.

There was nothing unusual to note regarding the current W-6 Expense Activity Variance Report. It appears as if the same accounts, Overtime, Class 50 and Benefits, will experience difficulties at the end of this fiscal year.

George has been working with representatives of OIT in regards to the upcoming merge, and a report will be forthcoming to the Commission. There are two issues involved: the transfer of OIT expenses and the 10% requested reductions in IT expenses.

Work is also being done on the FY06 and FY07 budget. The auditors will be returning to headquarters during the first week in September.

2. IT Report

There have been some communication problems with the performance of the new Enforcement licensing system. OIT hasn't determined what they are yet, but will put in an additional server at their site to help cut back on the amount of traffic. Complete installation of the program has been postponed until mid September.

There has also been a problem with the Dolphin scanners which Howard expects will be resolved by this Friday.

Store #55 Bedford had some trouble getting all of the registers to operate. This should be fixed by tomorrow morning.

3. Human Resources Report

Evie reported that Liberty Mutual denied a claim sent to them last week concerning a fairly new employee who went out on workers compensation and then quit his/her position.

## II. MARKETING & SALES REPORTS

### 1. Store Operations

Total retail store sales for the week ending 8/22/04 rose 2.83% or \$181,637.91. There was nothing out of the ordinary to report.

There was a meeting last night at Store #38 Portsmouth concerning the flooring problems. It was discovered that, when tiles were popped up, the adhesive hadn't bonded. This was most likely due to the contractor not sufficiently cleaning the service. The whole floor will probably need to be pulled up and replaced.

Peter reported that everything went very well at the Keene Planning Board meeting this past Monday evening in regards to the new Keene store location.

There will be a meeting with the Swanzey store landlord relative to transferring to another location.

The new Bedford store opened this morning, and everything appeared to go smoothly.

### 2. Purchasing Report

Grey Goose Vodka, 750ML size, which was out of stock, has been received, with no lost sales because of the shortage. All other inventory is in very good shape.

### 3. Merchandising Report

#### A. SPIRITS:

##### 1) 2004 Holiday Listings:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an additional four (4) egg nog products to be added to the 2004 holiday listings approved at the meeting of August 18, 2004, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

##### 2) Test Market Products:

##### a. Test Market Request (Cabo Wabo Anejo Tequila):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti

Companies of N.H./Agaveros Unidos de Amititan for a new test market listing for Cabo Wabo Anejo Tequila, 750ML size (assigned four-digit Code #3918), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Aqua Perfect Raspberry Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./St. George Spirits for a new test market listing for Aqua Perfect Raspberry Liqueur, 375ML size (assigned four-digit Code #5310), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Chimayo Reposado Tequila):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Nicholas Enterprises for a new test market listing for Chimayo Reposado Tequila, 750ML size (assigned four-digit Code #3903), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Greenall's Gin):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Casa Vino, LLC for a new test market listing for Greenall's Gin, 1.75L size (assigned four-digit Code #3472), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Request (Petrone Grappa Classica):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Antica Distilleria Petrone for a new test market listing for Petrone Grappa Classica, 750ML size (assigned four-digit Code #5581), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Test Market Request (Petrone Sambuca Domitia):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Antica Distilleria Petrone for a new test market listing for Petrone Sambuca Domitia, 750ML size (assigned four-digit Code #5320), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Test Market Results (Code #2301):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission allow Code #2301, Distillers Masterpiece Bourbon, 750ML size, to remain as a limited specialty item, to be transferred from Store #69 Nashua to Stores #66 Hooksett, #34 Salem, #73 Hampton and #38 Portsmouth, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Special Offers for October 2004 (2 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds, of two (2) spirit items, to be featured on sale during October 2004, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Proposed Wine Sale for December 2004:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a 10% discount off all cases of 750ML still wines and 10% off all 750ML ports and sherries during the wine sale for December 2004, scheduled for November 29, 2004 through January 5, 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Special Offers for October 2004:

a. 7 items for Columbus Day:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers, based upon depletions of seven (7) wine items, for the Columbus Day sale beginning September 30 through October 11, 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 2 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from R.P. Imports, based upon depletions of two (2) wine items, to be featured on sale during October 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 7 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of seven (7) wine items, to be featured on sale during October 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Casillero del Diablo Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a special purchase offer from Horizon Beverage Company/Banff Vintners on three (3) Castile del Diablo wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) RH Phillips with a Twist & Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve five (5) wine special offers from United Beverages, Inc. for September 2004 in conjunction with the RH Phillips With a Twist & Sweepstakes approved for August and September 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) BV Coastal Estates Purchase of Value Added Packaging:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from United Beverages, Inc. /Diego Chateau & Estates Wine Company for added value packaging on five (5) Beaulieu wines during October and November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Stock Vermouth Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Martignetti Companies of N.H. to conduct a Stock Vermouth consumer sweepstakes during October and November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended Wine Specialty Products (3 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve three (3) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Recommended Allocated Wines for Distribution to Selected Stores (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve four (4) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) “R” Wines for Allocation to Licensees Selected by the Broker (2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve two (2) “R” wines for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

10) Primary Source Submissions (11 items – exclusive agent; 22 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of eleven (11) wine codes which are not from primary source, but are offered by the exclusive marketing agent and twenty-two (22) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS**

Commissioner Byrne requested that the public hearing for Administrative Rules 300 regarding wines be arranged for the first Wednesday in October (October 6, 2004).

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment hearings/transfers dated August 19 through August 25, 2004. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of September 2004. The motion was unanimously adopted.

3. Late Items/Other: None.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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